

4-9-11-0451
Surplus Insurance

State of South Carolina
Administrative Law Court

Suspend until the
\$100,000 fine is
pd.
then probation
for 2 years

South Carolina Department of Insurance) Docket No.03-ALJ-09-0334-CC
)
Petitioner,)
Vs.) Consent Order of Settlement
)
William M. Worthy, II,)
)
Respondent.)
_____)

This matter comes before the Administrative Law Court pursuant to the request of both the Petitioner and the Respondent to confirm a mutually agreed upon settlement of Petitioner's action seeking revocation of Respondent's resident insurance agent license for alleged violations of Title 38 of the Code of Laws of South Carolina.

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M
After careful review of the entire file and the settlement proposal as agreed upon by both parties, I have determined that a reasonable and fair settlement has been reached between the parties pursuant to the facts and law of this case as set forth herein. Accordingly;

I HEREBY FIND AS FACT

1. That on October 7, 2002, William Worthy, as president of Employers Life Insurance Company (ELIC), executed a Consent Order with the Petitioner whereby ELIC, the corporation, was required to pay an administrative penalty of \$50,000 for numerous violations of South Carolina Law involving illegal financial transactions involving ELIC and Carolina Benefit Administrators (CBA);

2. That on May 1, 2003, William Worthy, as president of CBA, executed on behalf of CBA a Consent Order with the Petitioner, which imposed an administrative penalty of \$35,000 against CBA for violating numerous statutory provisions;

3. That both of the above stated actions were brought against ELIC

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SC ADMIN. LAW COURT

and CBA pursuant to a financial examination that was conducted by the Petitioner. During the pendency of these actions, the Petitioner contacted South Coast Community Bank and confirmed that William Worthy had not only misled the Petitioner concerning a purported loan to CBA but he had altered loan documents with the intent of misleading the Petitioner from discovering that William Worthy had yet again illegally pledged insurance company assets to secure loan(s) of \$450,000;

4. That the altered loan documents submitted by William Worthy to the Petitioner were not mentioned in either previous order because their fraudulent nature had not yet been confirmed. The matter was forwarded to the South Carolina Attorney General's office for investigation and possible criminal prosecution;

5. That on October 1, 2003, in the matter of Duncan MacDonald vs. Employers Life Holding Corporation, William Worthy, Carolina Benefit Administrators, Inc. Worthy Insurance, et al, the Honorable Larry R. Patterson, presiding Circuit court Judge of the Seventh Judicial Circuit, issued an order granting a temporary injunction enjoining William Worthy his agents, and/or adjunct companies from defaming, libeling, slandering, or otherwise disparaging ELIC based on its assertions that Worthy had violated Sec.38-57-90 of the South Carolina Code of Laws, which prohibits defamation of an insurer;

6. That S. C. Code Sec.38-57-80 specifically prohibits the submission of "any false statement of financial condition of an insurer with intent to deceive". In addition to S.C.Code Ann Sec. 38-43-130(7), William Worthy, by his own admission, has also violated S.C.Code Ann. Sec. 38-43-130(8) by "using fraudulent, coercive, or dishonest practices, or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state", furthermore;

I HEREBY CONCLUDE AS A MATTER OF LAW that the Respondent, William Worthy II, has knowingly violated S.C. Code Sec. Ann § 38-57-80; 38-43-130, et seq (2002), and, therefore;

IT IS HEREBY ORDERED

1. That the resident insurance agent license of the Respondent, William M. Worthy II, is suspended subject to the payment of an administrative fine against the Respondent in the total amount of one hundred thousand

(\$100,000.00). Upon payment of the one hundred thousand dollar fine (\$100,000.00), the Respondent's resident insurance agent license will be reinstated on a probationary basis for two (2) years. During this probationary period, the Respondent will have (30) days to cure any infractions of which he is notified by the Petitioner. If Respondent fails to cure infractions of which he has been made aware, absent any appeals he may take, the Respondent's resident insurance agent license will be summarily revoked;

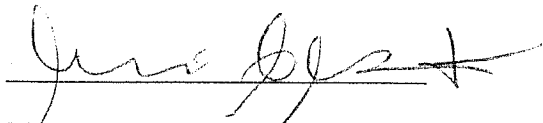
2. That the parties have reached this consensual resolution as a result of negotiation and compromise and in consideration of the corrective measures the Respondent intends to voluntarily undergo. By the signature of the Respondent upon this consent order, the Respondent acknowledges he has entered into a compromised settlement of a disputed claim. The Respondent also understands that this consent order is a matter of public record subject to the disclosure requirements of the State of South Carolina's *Freedom of Information Act*, S.C. Code Ann. §§ 30-4-10, *et seq.* (1991 and Supp. 2001);

3. That nothing contained within this Consent Order of Settlement should be construed to limit or to deprive any person of any private right of action under the law. Nothing contained within this Consent Order of Settlement should be construed to limit, in any manner, the criminal jurisdiction of any law enforcement or judicial officer. Nothing contained within this Consent Order of Settlement should be construed to limit the statutory duty, pursuant to S.C. Code Ann. § 38-3-110 (2002), of the Director of Insurance, exercised either directly or through the Petitioner, to "report to the Attorney General or other appropriate law enforcement officials criminal violations of the laws relative to the business of insurance or the provisions of this title which he considers necessary to report";

4. That a copy of this consent order be immediately transmitted to the National Association of Insurance Commissioners for distribution to its member states;

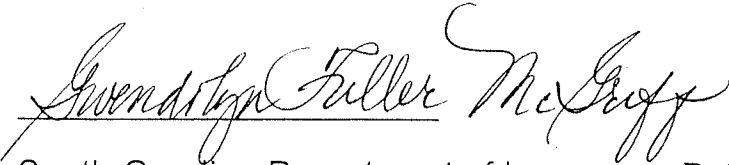
5. That this consent order becomes effective on the date of my signature below.

AND IT IS SO ORDERED.



Marvin F. Kittrell, Chief Administrative Law Judge

Sept 30, 2004



South Carolina Department of Insurance, Petitioner

9/21, 2004



William M. Worthy II, Respondent

9/24, 2004

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ppc



Walter M. White, Esquire, Attorney for William Worthy

9-23, 2004

CERTIFICATE OF SERVICE
This is to certify that the undersigned has this date
served this order in the above entitled action upon all
parties to this cause by depositing a copy hereof,
in the United States mail, postage paid, or in the Interagency
Mail Service addressed to the party(ies) or their attorney(s).
This 30th day of September 2004
By: Bryette M. Barker
Judicial Law Clerk